Laskin Road Improvements

Financial Plan—Annual Update

February 28, 2020

State Project #: 0058-134-F02, P101, R201, C501, B603 & 0058-134-862, P101, R201, C501
Federal #: STP-5A03(956) & STP-5A03(950)
UPC: 12546 & 111711

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EXECUTIVE SUMMARY

The Laskin Road project is located in the City of Virginia Beach. The project is comprised of two SMARTSCALE projects; UPC 12546 - from Linbay Drive to Red Robin Road, and UPC 111711 - from Republic Road to Linbay Drive. The proposed improvements include the removal of the feeder roads and roadway widening on Laskin Road from Republic Road to Red Robin Road as well as, First Colonial Road being widened from the I-264 ramp to Republic/Laurel Lane. Construction work on this project also includes the replacement of the bridge over Linkhorn Bay, water, storm and sewer upgrades, pedestrian and bicycle accommodation improvements, pavement replacement, traffic and safety improvements.

The project was advertised in January 2019, awarded to Allan Myers Va. Inc. in May 2019, construction began in September 2019 and is planned to be complete in April 2023. The low bid received at advertisement exceeded the project budget and the Commonwealth Transportation Board (CTB) and Locality (City of Virginia Beach) added $19 million dollars to award the project.

Work started at the bridge and construction is progressing as planned. Private utility relocations are complete and right of way acquisition is on schedule.

1. PROJECT DESCRIPTION

The Laskin Road project is located in the City of Virginia Beach. The project is comprised of two SMARTSCALE projects; UPC 12546 - from Linbay Drive to Red Robin Road, and UPC 111711 - from Republic Road to Linbay Drive. Improvements on these projects will remove the feeder roads on Laskin Road, widen First Colonial Road between I-264 and Laurel Lane and replace the existing bridge over Linkhorn Bay. The proposed typical section is comprised of eight (8) eleven (11) foot lanes on Laskin Road between Republic and Winwood Drive (4-lanes in each direction), six (6) eleven (11) foot lanes between Winwood Drive and Red Robin Road (3-Lanes in each direction) and six (6) eleven (11) foot lanes on First Colonial Road between I-264 and Republic/Laurel Lane. Fourteen (14) foot outside lanes are provided in both directions on Laskin Road for on road bike accommodation with a ten (10) foot sidewalk in the westbound direction and a five (5) foot sidewalk in the eastbound direction, five (5) foot sidewalks are provided on First Colonial Road in both directions.

Project History

Initially, the original limits for UPC 12546 were from Phillips Avenue to Atlantic Avenue. However, the City of Virginia Beach completed the first phase of the project that extended from Oriole Drive to Atlantic Avenue. For construction and funding purposes, the project limits for UPC 12546 reduced and were established from Republic Road to Oriole Drive. At that time, the preliminary engineering phase and the right of way phase were funded, but the construction phase was not funded.

Project scoping and design efforts commenced and culminated with the project achieving a Design Public Hearing in November 2000. The project's major design features were subsequently approved in October 2001. An Environmental Assessment (EA) was prepared and the Finding of No Significant Impact (FONSI) was issued in 2001. The project received right of way phase authorization in February 2002 with the issuance of Right of Way Notice to Proceed in May 2002. Right of way acquisitions for the original project were completed in October 2014, at which time utility relocations commenced.

In 2016, the City of Virginia Beach submitted a SMARTSCALE application under UPC 12546 for the Laskin Road bridge replacement with project limits from Linbay Drive to Red Robin Road. The project received allocations to fully fund the project. Subsequently, in 2017 the City of Virginia Beach received additional SMARTSCALE allocations to widen Laskin Road to the west, from Republic Road to Linbay Drive. These allocations were programmed under UPC 111711.

The two projects were combined and design advanced with the intent of awarding a single construction contract. Due to the age of the original project, a re-scoping effort on both projects commenced. The renewed scoping process reaffirmed that the project(s) scope remained as originally documented – only the limits of the project(s) had reduced. Since the new combined project limits were encompassed within the original corridor and the scope remained unchanged, the previous Value Engineering Study that had been conducted in December 1997 was deemed to have sufficiently evaluated and implemented cost saving

measures. However, given the age of the project and the likelihood of changes in property ownership along the corridor, a second design public hearing for the combined projects was warranted. A reevaluation of the EA was completed and submitted to Federal Highway Administration (FHWA) and on September 27, 2017, FHWA concurred that the EA was still valid (see section that follows entitled Environmental for additional details). A combined Design Public Hearing for both projects was conducted on December 14, 2017 and the project's major design features were subsequently approved on August 15, 2018. Since the completion of the original right of way acquisition, it has been determined that a right of way phase will be required from Republic Road to Linbay Drive under UPC 111711 and additional right of way acquisition was deemed necessary on UPC 12546 as a result of the age of the original easements and design optimization to meet current standards.

Environmental

An Environmental Assessment was prepared and the Finding of No Significant Impact was issued in 2001. The project limits covered in the EA are from Phillips Avenue to Atlantic Avenue. On December 9, 2002, a Right of Way Reevaluation was submitted for the project limits covered by the 2001 EA/FONSI. A reevaluation of the EA was completed and submitted to FHWA on September 11, 2017. Per agreement with FHWA, the reevaluation of the EA covered from Republic Road to 0.32 mile East of Birdneck Road. On September 27, 2017, FHWA concurred that the EA was still valid.

A preliminary noise analysis was completed for the entire study area. FHWA agreed to let VDOT finalize the noise study under construction phases. The noise analysis was completed for the project limits covered in the 2017 reevaluation of the EA. Based on the noise analysis, one barrier has been identified as being reasonable and feasible located at the Linkhorn Bay Condominiums. One noise barrier was removed due to a large-scale utility conflict.

Project Website

Additional information for these projects can be obtained at the link below:
http://www.virginiadot.org/projects/hamptonroads/laskin_road.asp

Information on this website will be updated periodically as the project advance through the design stage into construction. Information relating to the public hearing process, displays, construction timeline and citizen signup to receive project public announcements will be available on the project website.

2. SCHEDULE

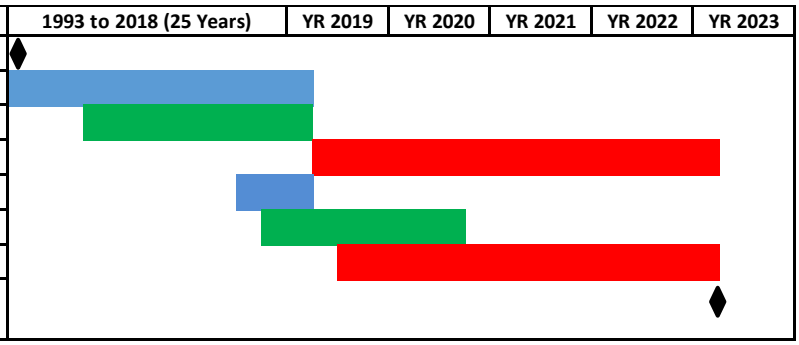
The Laskin Road project is a design-bid-build project. A Pre-Advertisement Conference (PAC) meeting was held on October 11, 2018. The project is projected to require a Type III right of way certification as VDOT continues acquiring the remaining temporary

construction easements and finalize the remaining utility relocations. Right of way and utility will not be cleared prior to the scheduled advertisement date. Construction Advertisement is currently scheduled for January 8, 2019 and construction notice to proceed (NTP) is expected by May 24, 2019; actual NTP was on September 3, 2019. The Preliminary Contract Time Determination Report (CTDR) schedule indicates a construction duration of approximately 4 years with a Substantial Completion Date of October 10, 2022 and Final Completion Date of April 14, 2023. After the project award, the Substantial completion date was revised to March 31, 2023 and Final completion to April 29, 2023.

CHART 2.1 – PROJECT SCHEDULE OVERVIEW

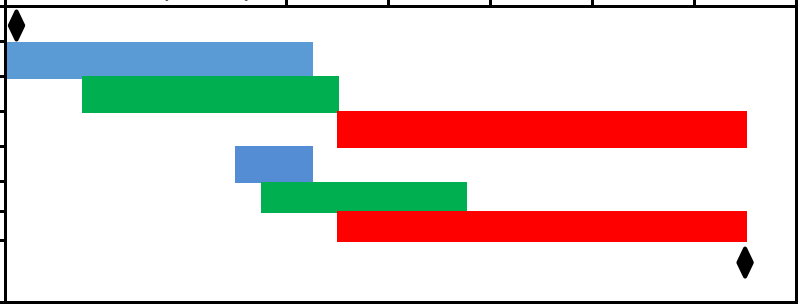
Initial Schedule (2019)

Task		Start	Finish
Notice to Proceed		Apr-93	Apr-93
UPC 12546	PE- Design	Apr-93	Dec-18
	RW/Utilities	Feb-02	May-19
	Construction	May-19	Apr-23
UPC 111711	PE- Design	Oct-17	Dec-18
	RW/Utilities	Sep-18	Aug-20
	Construction	May-19	Apr-23
Construction Complete		Apr-23	Apr-23



Updated Schedule (2020)

Task		Start	Finish
Notice to Proceed		Apr-93	Apr-93
UPC 12546	PE- Design	Apr-93	Dec-18
	RW/Utilities	Feb-02	**Jun-19**
	Construction	**Sep-19**	Apr-23
UPC 111711	PE- Design	Oct-17	Dec-18
	RW/Utilities	Sep-18	Aug-20
	Construction	**Sep-19**	Apr-23
Construction Complete		Apr-23	Apr-23



3. PROJECT COST

Narrative of Project Cost

The revised combined project estimate after award is $141,840,008 from $122,750,000 for a $19 million dollar cost increase. The project will be delivered as a design-bid-build procurement. The estimates, as well as current expenditures for preliminary engineering (PE), right of way (RW) and construction (CN) costs are summarized by phase and each respective UPC in the table below. The project currently

has active PE, RW and CN phases. Total cumulative PE, RW and CN expenditures as of November 30, 2019 are $51,526,285.

TABLE 3.1 - PROJECT COST BY PHASE

UPC	Phase	Initial Estimate	Current Estimate	Current Expenditures (11/30/2019)	Balance to Complete
UPC 12546	PE	$9,480,000	$9,405,589	$9,379,445	$26,144
	RW	$35,133,063	$35,133,063	$34,159,502	$973,561
	CN	$32,546,937	$41,521,989	$2,304,410	$39,217,579
	TOTAL	**$77,160,000**	**$86,060,641**	**$45,843,357**	**$40,217,284**
UPC 111711	PE	$1,170,000	$1,170,000	$1,100,499	$69,501
	RW	$4,992,976	$4,992,976	$1,604,049	$3,388,927
	CN	$39,427,024	$49,616,391	$2,978,380	$46,638,011
	TOTAL	**$45,590,000**	**$55,779,367**	**$5,682,928**	**$50,096,439**
GRAND TOTAL		**$122,750,000**	**$141,840,008**	**$51,526,285**	**$90,313,723**

Cost Estimating Methodology

The preliminary engineering estimate includes field investigation costs for survey, geotechnical data collection, traffic counts, environmental support, and professional engineering design services to develop design plans and construction documents. Preliminary engineering estimate also includes right of way and utility charges prior to right of way notice to proceed.

The right of way phase estimate includes the actual cost of right of way and easements acquisition, miscellaneous fees associated with real estate closings as part of the project and oversight of the right of way acquisition, payment, and condemnation process. The right of way phase also includes utility design and utility relocation fees.

The project construction cost estimate was developed through VDOT's TrnsPort estimate program and includes roadway, bridge, drainage, maintenance of traffic, signing, markings, signals, lighting, landscape and other incidental elements like noise barrier, etc. The latest TrnsPort estimate was based on the Pre-Advertisement Conference (PAC) plans updated October 26, 2018.

4. PROJECT FUNDS

Project funding is demonstrated in the Hampton Roads Transportation Planning Organization's Long Range Transportation Plan and Transportation Improvement Program (TIP), as well as the Commonwealth's Statewide Transportation Program (STIP). There are three (3) federal authorizations associated with UPC's 12546 and 111711, as summarized in Table 4.1.

The preliminary engineering (PE) phase for UPC 12546 was authorized by the FHWA on April 1, 1993 under federal project number STP-5403(252). The right of way (RW) phase for UPC 12546 was authorized by the FHWA on February 19, 2002 under federal project number STP-5403(738). The preliminary engineering (PE) phase for UPC 111711 was authorized by the FHWA under federal project number NHPP-5A03 (873) on December 6, 2017. The construction phases for UPC 12546, federal project number STP-5A03(956) and UPC 111711, federal project number STP-5A03(950) were authorized on January 17, 2019 by the FHWA.

TABLE 4.1 - SUMMARY OF PROJECT AUTHORIZATIONS

Project Authorization Summary as of (11/30/2019)					
Federal Project	**UPC(s)**	**Phase Classification**	**Cost**	**Federal Funds**	**Advance Construction**
STP-5403(252)	12546	PE	$9,405,589	$4,667,958	$2,856,513
STP-5403(738)	12546	RW	$28,456,692	$24,436,654	$0
STP-5A03(956)	12546	CN	$41,447,578	$9,895,138	$30,467,868
NHPP-5A03(873)	111711	PE	$1,170,000	$1,170,000	$0
STP-5A03(950)	111711	CN	$49,616,391	$849,946	$43,653,833
		TOTAL	**$130,096,250**	**$41,019,696**	**$76,978,214**

Six Year Improvement Program (SYIP) Funding

Table 4.2 summarizes the funds allocated to the Laskin Road Improvements projects by fund source and year.

TABLE 4.2 - SUMMARY OF PROJECT FUNDING BY SOURCE
(Amounts in 000's, rounded)

	Funding Source	Previous	FY 2021	FY 2022	FY 2023	FY 2024	TOTAL
UPC 12546	EB	$5,322	$0	$0	$0	$0	$5,322
	NHPP	$13,962	$0	$332	$4,501	$0	$18,795
	STP	$19,205	$0	$0	$1,204	$0	$20,409
	701 - Federal	$417	$0	$0	$0	$0	$417
	Federal Subtotal	$38,906	$0	$332	$5,705	$0	$44,943
	State Match	$3,991	$0	$0	$0	$0	$3,991
	Bond Match	$1,522	$0	$0	$0	$0	$1,522
	701 - State Match	$94	$0	$0	$0	$0	$94
	Capital Projects Revenue	$6,425	$0	$0	$0	$0	$6,425
	District Grant	$7,500	$0	$918	$0	$0	$8,418
	State Subtotal	$19,532	$0	$918	$0	$0	$20,450
	Accounts Receivable - Local	$20,268	$0	$0	$0	$0	$20,268
	Formula Local Match	$400	$0	$0	$0	$0	$400
	Local Subtotal	$20,668	$0	$0	$0	$0	$20,668
	TOTAL	**$79,106**	**$0**	**$1,250**	**$5,705**	**$0**	**$86,061**

	Funding Source	Previous	FY 2021	FY 2022	FY 2023	FY 2024	TOTAL
UPC 111711	STP	$0	$0	$6,419	$1,921	$0	$8,340
	NHPP	$2,020	$4,456	$1,988	$2,795	$0	$11,259
	Federal Subtotal	$2,020	$4,456	$8,407	$4,716	$0	$19,599
	District Grant-State	$6,430	$0	$2,826	$0	$0	$9,256
	Accounts Receivable - Local	$26,924	$0	$0	$0	$0	$26,924
	TOTAL	**$35,374**	**$4,456**	**$11,233**	**$4,716**	**$0**	**$55,779**
GRAND TOTAL		**$114,480**	**$4,456**	**$12,483**	**$10,421**	**$0**	**$141,840**

5. FINANCING ISSUES

The project is fully funded with a variety of federal, state and local funds. There are no financing issues on the project.

6. CASH FLOW

The Laskin Road Improvement project's annual cash expenditures are based on the project schedule developed by the VDOT Design Team. Table 6.1 below is a cash flow analysis for the project. It shows the comparison of previously expended and projected expenditures by fiscal year by phase against the total annual allocations. The project's cash flow analysis will be updated annually as expenditures are incurred.

TABLE 6.1 – CASH FLOW ANALYSIS
(Amounts in 000's)

Expenditures		Previous	FY 2021	FY 2022	FY 2023	FY 2024	TOTAL
UPC 12546	PE	$9,379	$27	$0	$0	$0	$9,406
	RW	$34,160	$487	$486	$0	$0	$35,133
	CN	$2,304	$20,000	$10,000	$9,218	$0	$41,522
UPC 111711	PE	$1,100	$70	$0	$0	$0	$1,170
	RW	$1,604	$1,695	$1,694	$0	$0	$4,993
	CN	$2,978	$5,000	$25,000	$16,638	$0	$49,616
Cumulative Expenditures		$51,525	$78,804	$115,984	$141,840	$141,840	$141,840
Total Annual Allocations		$114,480	$4,456	$12,483	$10,421	$0	$141,840
Cumulative Allocations		$114,480	$118,936	$131,419	$141,840	$141,840	$141,840
Cash Flow per Year		$62,955	$40,132	$15,435	$0	$0	

7. P3 ASSESSMENT

As noted in the Project History section, the Laskin Road Improvements Project is ready for advertisement and receipt of bids. Developed as a design-bid-build project, the Project would not generate sufficient market demand or interest as a P3, nor would it demonstrate significant project efficiencies to effectively leverage private sector innovation and expertise under a P3 procurement under the Public Private Partnership Transportation Act of 1995, as amended (PPTA).

A P3 assessment of the Laskin Road Improvements Project would include a qualitative and quantitative assessment using the Public Sector Analysis and Competition (PSAC) Guide, a companion guide to the 2017 PPTA Manual and Guidelines.

The PSAC process assesses the potential costs, risks and opportunities associated with the financing, design, construction and operation of the project by VDOT as well as developing and comparing the benefits of different project delivery options; however it is not warranted for this Project.

Effectively, any analysis of the project would illustrate that procuring the Project under the PPTA would not be in the public's best interest.

8. RISK AND RESPONSE STRATEGIES

VDOT conducted a systematic process of identifying, analyzing, and responding to project risks throughout the plan development process. During each milestone submission, all team members conducted intensive information gathering and discovery of project characteristics and design components within their field of expertise. Throughout design development, team members presented risks and opportunities that were compiled into a Project Assessment Matrix that assessed the probability of each risk occurring and its impact. Risk responses were developed with each risk either being accepted, mitigated, transferred, or avoided. The categories of project risks encompassed environmental approvals, geotechnical/subsurface conditions, right-of-way issues, permits, differing site conditions, utilities, third-party requirements and agreements, the local jurisdiction (City of Virginia Beach), and funding/budget constraints.

Additionally, District Construction personnel conducted two risk workshops for the Laskin Road project(s) on Wednesday, September 5 and Friday, November 2, 2018. These workshops focused on constructability functions and construction phase execution goals based upon a design-bid-build delivery. Risk participants identified a total of 91 individual risks, based on the assumption that the project would be delivered through a Design-Bid-Build process. Participants found the following four (4) project risks to be the most significant:

- Right of way acquisition and utility relocation schedule
- Maintenance of Traffic (MOT) and Sequencing of Construction (SOC)
- Aggressive schedule to meet construction advertisement date
- Project's fixed budget

Each of the above risks has a high level of complexity and the potential, if not continually addressed and mitigated throughout project delivery, to have a major impact on the project's cost and/or schedule (i.e., both the pre-advertisement schedule and the post-award schedule). Importantly, several risks are highly dependent upon and influenced by other risks, with the most notable being: (a) MOT/SOC given the constraints of construction in a heavily urbanized environment; (b) the project's fixed budget; and (c) the aggressive schedule to meet the advertisement date. These risks were perceived to impact resource allocation, quality of work, post-award risk of change orders, and a variety of other issues.

The project has advanced past the advertisement phase and so the risk associated with the advertisement. Bids came in high and the department worked closely with the contractor to implement plan adjustments to reduce project cost. Right of way acquisition is in progress and utility relocation is complete. There still remains minimal right of way and

utility risk as the project progress through construction but the two major risks on the project remains to be the projects fixed budget with limited construction contingency and maintenance of traffic.

9. ANNUAL UPDATE CYCLE

The submission date of the Initial Financial Plan is February 28, 2019. The first annual update will be submitted by February 28, 2020 and will be based on a "data as of" date of November 30, 2019. Future annual updates will be submitted by February 28th of that year, with a "data as of" date of November 30 of that year.

10. SUMMARY OF COST CHANGES SINCE LAST YEAR'S FINANCIAL PLAN

The bids came in higher than the estimate reported in the Initial Financial Plan partly due to the large construction work load and skilled labor shortages in the region. An additional $19.09 million was added to the projects by the Commonwealth Transportation Board (CTB) and Locality to award the projects. The CTB approved the projects to be awarded to Allan Myers Va. Inc. on May 15, 2019 and the Virginia Department of Transportation executed the contract on June 3, 2019.

11. COST AND FUNDING TRENDS SINCE INITIAL FINANCIAL PLAN

Total project cost has increase from $122.75 million to $141.84 million as a result of the high bids received. The large number of construction projects in the region coupled with shortage of skilled labor contributed to the high bids increasing the project's cost. The fixed construction budget with limited construction contingency will continue to be a risk component on this project.

12. SUMMARY OF SCHEDULE CHANGES SINCE LAST YEAR'S FINANCIAL PLAN

The project was advertised on January 22, 2019 as planned. NTP was delayed from July 3, 2019 to September 3, 2019 at the request of the contractor and the construction end date extended from April 14, 2023 to April 29, 2023 as part of the cost reduction negotiation agreement between VDOT and Allan Myers Va. Inc. to remove above ground street lighting features and eliminate some of the landscaping work on the project. Material changes were also implemented including sheet pile, pipe material and backfill material to reduce project cost.

13. SCHEDULE TRENDS SINCE INITIAL FINANCIAL PLAN

NTP was delayed from July 3, 2019 to September 3, 2019 at the request of the contractor. On a joint agreement between VDOT and the contractor, the construction completion date will be delayed from April 14, 2023 to April 29, 2023.